

**SENATE FISCAL AGENCY  
MEMORANDUM**



**DATE:** April 10, 2007

**TO:** Members of the Senate Environmental Quality Subcommittee

**FROM:** Jessica Runnels, Fiscal Analyst

**RE:** Solid Waste Program Fees

As part of the FY 2007-08 Environmental Quality budget, the Governor proposed an extension and increase to the solid waste surcharge. The proposal would amend Part 115 (Solid Waste Management) of the Natural Resources and Environmental Protection Act (NREPA) to delay the sunset of October 1, 2007 on the current fee of 7 cents per cubic yard and then increase the fee by one cent each year beginning in FY 2008-09, until the fee reached 10 cents in FY 2011-12. The proposal also would increase the annual fees for Type III captive facilities beginning in FY 2008-09.

**CONTENT**

Currently, owners or operators of landfills pay an annual fee to the Department of Environmental Quality (DEQ) of 7 cents per cubic yard of municipal solid waste or municipal solid waste ash. This fee is scheduled to sunset on October 1, 2007. As illustrated in Table 1, the proposal would keep this fee level for FY 2007-08, and then increase the fee to 8 cents per cubic yard in FY 2008-09, 9 cents in FY 2009-10, and 10 cents for FY 2010-11 and FY 2011-12. There are 55 Type II and Type III noncaptive facilities subject to this fee. Beginning in FY 2008-09, the proposal also would assess the surcharge on solid waste disposed of at a municipal incinerator.

Table 1

<b>TYPE II FACILITY SOLID WASTE SURCHARGE</b>	
<b>Fiscal Year</b>	<b>Proposed Fee</b>
2007-08	7 cents per cubic yard
2008-09	8 cents per cubic yard
2009-10	9 cents per cubic yard
2010-11	10 cents per cubic yard
2011-12	10 cents per cubic yard

Administrative rules define a Type II landfill as a sanitary landfill that is a municipal solid waste landfill; the term includes municipal solid waste incinerator ash landfills. Administrative rules define Type III landfills as "any landfill that is not a municipal solid waste landfill or hazardous waste landfill", including all of the following: (a) construction and demolition waste landfills; (b) industrial waste landfills; and (c) landfills that accept waste other than household waste, municipal solid waste incinerator ash, or hazardous waste from conditionally exempt small quantity generators.

The proposal also would increase the annual fees for Type III captive facilities beginning in FY 2008-09. A Type III captive facility is defined in NREPA as "a landfill that accepts for disposal only nonhazardous industrial waste generated only by the owner of the landfill or a nonhazardous industrial waste landfill that is specified in section 11525(3)". The proposal would delay the October 1, 2007 sunset on these fees and retain the current fee level through September 1, 2008.

The increased annual fees would be constant over the remaining four-year period until the sunset on September 30, 2012. The fees for Type III captive facilities would be increased according to the schedule in Table 2.

Table 2

<b>TYPE III CAPTIVE FACILITIES ANNUAL FEE</b>			
<b>Type of Facility</b>	<b>Number of Facilities</b>	<b>Current Fee <sup>a)</sup></b>	<b>Proposed Fee <sup>b)</sup></b>
100,000 or more cubic yards	9	\$3,000	\$4,500
Between 75,000 and 99,999 cubic yards	1	2,500	3,500
Between 50,000 and 74,999 cubic yards	3	2,000	3,000
Between 25,000 and 49,999 cubic yards	2	1,000	1,500
Less than 25,000 cubic yards	5	500	800
<sup>a)</sup> Under the proposal, this fee would be extended through FY 2007-08.			
<sup>b)</sup> Would begin in FY 2008-09.			

The proposal also would require municipal solid waste incinerators to report annually on the amount of solid waste received, itemized by county, state, or country of origin. Currently, only landfills are required to submit this information. The DEQ estimates that incinerators receive 877,000 cubic yards of waste annually.

### **FISCAL IMPACT**

The fee of 7 cents per cubic yard of municipal solid waste generates annual revenue of about \$4.2 million and the fees from Type III captive facilities bring in about \$40,000 of annual revenue. The proposal would not increase revenue from the solid waste surcharge in FY 2007-08, although, without the sunset extension, the fee will end entirely. In FY 2008-09, the DEQ estimates that the increase of 1 cent per cubic yard would generate an additional \$600,000 in revenue and the increase in Type III captive facility fees would generate an additional \$20,000, for total collections of about \$4.8 million. Assuming the amount of solid waste landfilled in the State remains constant, each year the 1 cent increase would bring in an additional \$600,000 in revenue from the surcharge. The increased revenue from Type III captive facilities would remain constant since the fees would not change over the period.

Revenue collections from the surcharge are deposited in the Solid Waste Staff Account of the Solid Waste Management Fund. The Staff Account is used solely to support the solid waste management program in the DEQ (including permit and license review, tracking and data entry, inspections, compliance and enforcement activities, groundwater monitoring at disposal sites, corrective action plans at disposal sites, advisory analysis prior to construction of a new disposal area, postclosure monitoring, and review of disposal site financial assurance) and central administrative costs in an amount proportional to the effort needed to support the solid waste management program. With the exception of about \$75,000 from the Waste Reduction Fund, the solid waste program fees are the sole support for the Solid Waste Management Program.

This bill has not been introduced yet. If a bill is introduced, it could vary substantially from the Governor's proposal. Please contact me if you have questions.

c: Gary S. Olson, Director  
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